U.S. DISTRICT COURT

### DISTRICT OF NEW JERSEY - TRENTON

-----

HOSPIRA, INC., et al., : Docket No.: CV-09-4591

:

Plaintiffs, : Trenton, NJ

:

vs. : November 16, 2010

:

SANDOZ INTERNATIONAL GMBH :

et al.,

:

Defendants. :

\_\_\_\_\_

TRANSCRIPT OF CONFERENCE HEARD BEFORE
THE HONORABLE TONIANNE J. BONGIOVANNI, U.S.M.J.

### TRANSCRIPT ORDERED BY:

DANIELLE RENEE STIPO (Hill Wallack, LLP)

### APPEARANCES:

THOMAS J. MELORO, JR. ESQ., (WILKE FARR) Attorney for Plaintiffs

EUGENE CHANG, ESQ. (WILKE FARR) Attorney for Plaintiffs

MATTHEW D'AMORE, ESQ., (MORRISON & FOERSTER) Attorney for Defendants

AudioEdge Transcription, LLC
425 Eagle Rock Avenue - Suite 201
Roseland, New Jersey 07068
(973) 618-2310
www.audioedgetranscription.com

## I N D E X

# 11/16/10

<u>ARGUMENT</u>: <u>PAGE</u>

By: Mr. D'Amore 6, 14, 16, 22

By: Mr. Meloro 12, 20

By: Mr. Chang 15

## COURT DECISION

Reserved

Colloquy / The Court

THE COURT: Good morning. How are you?

MR. D'AMORE: Good morning, Judge.

MR. MELORO: Good morning, Your Honor.

MR. CHANG: Good morning, Your Honor.

THE COURT: Thanks for being available. I set this up to see if we can come up with a practical approach or, at least, understand the ramifications of what I am doing.

As you know, I had sent out through my law clerk,

Tom, a notice that because Sandoz Canada is a separate entity,

separate party, and as such is entitled to their own rights, I

am permitting that they serve their invalidity and non
infringement contentions.

And I therefore, recognize that for -- I'm sorry, did I just mis-- mis-speak. I want to make sure I said, Sandoz Canada.

MR. D'AMORE: You did, Your Honor.

THE COURT: Okay. And then I -- I recognize that therefore it might be a distinction without a difference for Sandoz, Inc.

And what I have asked is that I was willing to hold a hearing on the diligence issue regarding Sandoz, Inc. And then there was a fluffy of correspondence indicating that that might run a foul of attorney client privilege. And then there was some suggestion that they, Sandoz, Inc., just be allowed to join in Sandoz, Canada.

So, getting back to the perhaps, distinction without a difference. As I understand it, certainly if the patents are held to be invalid, they are invalid as to everyone, I guess, in perpetuity.

If there is non-infringement, then it's -- it would be as to that product by that party. And perhaps here it makes no difference if there is non-infringement. Then that certainly would apply to everyone, as well.

What I don't want to have happen, and I just want to be clear, because I am taking this 3.7 extremely seriously and I'm not suggesting that the parties aren't either, but my course of action in all likelihood in these cases going forward is to hold a hearing. And unless there is really, for example, a discreet distinct article that somehow arises after the fact, perhaps I won't need to hold a hearing.

But if I have a question about diligence and specifically, what a party should have known when, I think I need to have testimony and give the other side the opportunity to cross-examine and challenge that assertion.

And I recognize that Sandoz, Inc. is not interested or not in the position, so you say, to put on the person, who would testify as to diligence because of attorney client issues. Okay. Thank you for your patience.

The Court / Argument - D'Amore

So, here is -- here is my thought. I'm concerned about the sword and shield issue. And I'm not inclined to grant Sandoz, Inc.'s application without a hearing and some sort of testimony. If Sandoz, Inc., is simply going to ride the coattails of Sandoz Canada, Inc. and whatever arguments, whether it's collateral estoppel, res judicata, and you want to make those arguments after the fact when there's a ruling, I do not have any objection to that. I just don't want you to be an extra voice in this process and file additional papers or make any arguments. I want Sandoz Canada, Inc. to be essentially a stand alone.

For the third time, perhaps the distinction, in this case without a difference, but I don't want to set bad precedent for other cases, when I may have very separate entities, separate defendants, clearly not at all related standing in the shoes of Sandoz Canada and Sandoz, Inc. And I don't want to hear "it doesn't matter because no harm, no foul since they are able to make these arguments." I'm still going to hold the Sandoz, Inc. persona responsible for establishing why they had not -- why they have not failed to exercise diligence, if that's the way to put it.

So, Mr. Abraham, on your end, let me hear your thoughts as to whether that works for you.

MR. D'AMORE: Your Honor, this is -- this is Mr. D'Amore from Morrison and Foerster. And thank you for -- for hearing us today.

I think Your Honor has -- has identified that it -- that it -- that it -- that it is our view that there would be no difference at the end of the case whether -- whether Incs. contentions are -- are allowed in and of their own right or not.

And but -- we -- but, I understand Your
Honor's -- Your Honor's views in that regard, as well.

On the record currently as it stands,

Canada's contentions are contained additional

information that Inc.'s does not -- that Inc.'s do not

have. So, while I don't think we're in a position to

say Inc. is going to -- on the -- on the -- on the

record as it stands, Inc., Inc. will -- will step back

and not have it's own voice. Right now, the -- the

contentions as they're stated are ones -- it contains

more -- more references than the other.

Now, today's pitch, Your Honor, would like to inquire into Sandoz Inc.'s diligence. I don't want to stay that we're foreclosing the possibility of putting in additional evidence in that regard.

I -- I appreciate Your Honor's sense that
they're -- that they are -- that you're interested in
having a hearing. I've -- I've looked at the
contentions case law, and I haven't seen precedent for
a hearing. I've seen precedent for -- I did for
supplemental declarations and the like, which I think
is what -- and generally those come from attorneys of
-- of record, because diligence can only be shown
based on the work of -- of -- of trial counsel.

So, I think the way the Courts have handled that if they -- if additional evidence is -- is -- is requested, it's provided by -- by a declaration.

And I think that's something that if Your Honor would be -- would be interested in, we can talk about.

THE COURT: Okay. Two thoughts. One, is I like to be a trailblazer. The second more serious thought is I suppose I somewhat disagree with you that trial counsel is the only way to satisfy me that you exercised diligence.

For example, if you have an inventor or some scientist, understanding -- or some expert, now understanding that a piece of prior art has some significance, than that's the person that would testify that they brought it to Counsel's attention

Argument - D'Amore

and -- and on such and such a date they realized.

Now, I -- I recognize that it would be touching upon what they informed trial counsel, but I don't see it that it's only the attorney that needs to testify.

Quite frankly, I don't -- I don't contemplate that in every single case I'm going to require a hearing. But if I have a situation where we're talking about what someone could have known based on the -- or could have asserted based on the information that was before them, I really do think that that's something I want to have subject to cross examination. Because reading that -- the declarations just simply often look like, "I have to" versus "no, you have not" and that does no good to me.

So, that's really where I come down with the idea of requiring a hearing to determine whether or not someone should have known that this is an invalidity contention or whatever the situation may be, that could have been raised sooner.

Essentially, what's the significance of this piece of prior art or this article? If it's simply: when did you get it in your hands? And this was just discovered, then that's something that a declaration in all likelihood would address.

So, that's a concern I have in this particular case. And frankly, I have it in another case, as well, where -- where we're talking about a monumental amount of new pieces of prior art.

MR. D'AMORE: I -- I understand that, Your Honor. This is Mr. D'Amore, again. So, if I -- if I may, the -- the -- the facts in this case are not of the -- the category that you identified where there's some scientist or -- or expert to identify the pieces.

The facts are that, I think, as we've set forth in -- in our pleadings, a couple of the references were identified and then became -- we're -- we're identified earlier this year and then we be-- we realized there importance a little later this year.

Some of the references, some of the documents really are documents produced by plaintiffs and were not documents that we could have found earlier. So -- so to the extent, Your Honor, would like more specificity in that regard, what did we know and when did we know it?

What I might suggest is we put those facts in by declaration. And if Your Honor would still be interested in having a hearing or having a cross examination, that's something we can talk about. But I do think in this case, the facts are when did the

references come to -- come to, really, Counsel's attention?

THE COURT: Well, I can tell you that on the first prong, where you -- you mention that you had information in your hands and you didn't realize the significance until X date, that's precisely what I want to have a hearing on.

Because if you just failed to pay attention, failed to line it up, because of volume or the like that, to me, might not be enough to say that you were diligent because you looked at five million other documents and then these two got buried.

I need to understand what about that document should -- or those items -- should have been glaring to you. And, again, I think that's an area where I want to have cross examination on that.

I don't know whether it only needs to be by counsel, because I don't honestly know who behind the scenes is assessing the significance of that document.

So, whoever's the person who's reviewing the document and then realizing that it may be the basis for a contention of some sort, is perhaps the person that needs to get on the stand. And I don't know that that's only trial counsel.

Argument - D'Amore / Meloro

But in short, Mr. D'Amore, I guess what I'm doing is leaving your client with an alternative. The first would be if you want to just simply rely upon what Sandoz Canada, Inc. does with it's contentions and argue after the fact regarding res judicata or collateral estoppel if those are the proper terms, that's fine. But, I would not have you raising separate arguments on behalf of Sandoz, Inc.

If you want Sandoz, Inc. to be able to file documents in this matter and argue in this matter as to additional contentions, then I need to have a hearing.

MR. D'AMORE: I understand that, Your Honor.

And I said -- and you're not -- as I understand what
you're saying here, you're not foreclosing Inc. from
relying on it's initial contentions, if you --

THE COURT: No. I'm certainly not.

Absolutely not. It's just a matter of whether or not you were able to amend.

MR. D'AMORE: I -- I -- I understand that. I think the -- the -- delta between the -- that is something I can talk over -- I will -- I will present that alternative to my client, Your Honor. I don't have an answer for you right this moment.

THE COURT: --

Argument - D'Amore / Meloro

MR. D'AMORE: But I will be able to get you a responsive letter on that. Today is Tuesday. I expect within a week.

THE COURT: Perfect. All right. Anything on the plaintiff's side regarding this issue?

MR. MELORO: Yes, thank you, Your Honor.

This is Tom Meloro, from Wilke Farr. I -- I -- I

think that at this point, we need to wait to hear

defendant's position clearly.

If they wish to amend, we -- we -- we would like the opportunity to cross examine. I hear Counsel to say that they would continue to rely on the affidavit of their trial counsel and therefore, you know, for the reasons that the Court has indicated, we would like the opportunity to cross examine. And we think there would be serious questions about the diligence issue.

To the extent that Sandoz, Inc. is going to withdraw it's request to amend and rely only on it's original contentions and then attempt to argue collateral estoppel or res judicata later if it turns out the Sandoz Canada prevails on some defense that Sandoz, Inc. did not have, I -- I would just note that we would reserve our right to oppose any action by Sandoz, Inc. at that point to invoke collateral

estoppel or res judicata. But my expectation is that if that ever became a live issue, that the Court would address it at that point.

THE COURT: That's right. Okay.

The next thing, and I don't know how far I can get with this because frankly, I did receive your letter regarding the location of the depositions yesterday afternoon. And last night I happened to be speaking on a patent panel, of all things, up at Seton Hall that was sponsored by Gibbons. So, I didn't have the opportunity other than while I was waiting to take the stage to review it.

But it seems to me, let's see if we can make any progress with this. It seems to me you have really the issue of the depositions of the two doctors, A-A-N-T-A-A. How do you say that name?

MR. MELORO: That's Dr. Aanta.

THE COURT: Aanta, okay. And then V-I-R-T-A-M-E-N. Virtamen?

MR. MELORO: I -- I think it might be

Virtamen. But, we -- we -- we can go by whatever

pronunciation we want, at least for today.

THE COURT: That's true. In the record, it's all -- it all sounds the same. But, and then there are other folks that you are intending to

Argument - D'Amore / Chang 1

depose. So, let me start with those other folks.

Are there any doctors or inventors, experts, who are going to be deposed in Finland already by agreement?

MR. D'AMORE: Your Honor, this is — this is Mr. D'Amore. We have not agreed to depose anyone in Finland, as of this time, other than the two doctors you've identified, plaintiffs have proposed one witness, Dr. Karjalainen. And what we've told them is if — we only want his deposition, we want it in the United States. We only want his deposition if he's going to come to the United States for trial. And we don't need that now.

THE COURT: All right.

MR. D'AMORE: And then there's a 30V6 witness, of course, but that's a separate question.

THE COURT: And where's the 30V6 witness taking place?

MR. D'AMORE: It hasn't been agreed yet. We have said that they need to come to the jurisdiction where they sued. Plaintiff's had said it should take place in Finland.

THE COURT: All right. And who is that witness?

25 MR. D'AMORE: His name I can't pronounce.

Argument - Chang / D'Amore 15

1 It begins with an H.

2 THE COURT: All right. That's that very

3 long name.

4

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MR. CHANG: That's Hopolina (phonetic).

Your Honor, this is Eugene Chang, from Wilke Farr, for

6 plaintiff.

That -- the corporate witness is Dr.

Hopolina.

THE COURT: Right. And I see him. He's mentioned on page 8 of the joint submiss-- submission.

And -- all right. So, you folks are also having a dispute as to where his deposition should take place.

MR. CHANG: Your Honor, our position on Dr. Hopolina is, if they're going to be in Finland anyway, they should take his deposition there.

THE COURT: Right. But if -- what if we didn't have these other witnesses in play? Then the 30V6 would generally be here; right?

MR. CHANG: Yes. The idea is that, you know, here, if everybody is bringing their witnesses to the forum, and in general, we've been -- we've agreed to do so with a lot of our other witnesses, if that's the general rule people are playing by, then we would do that and then that makes sense.

Here, they have -- they're insisting that

they're Germany witnesses be deposed in Germany for their witnesses' convenience. And it would obviously be burdensome for our witnesses to come over from Finland.

But if everybody agrees to bring their witnesses to the jurisdiction, we would -- we would do so, as well.

THE COURT: Now, I hate to say this but it sounds like someone may have made an agreement without locking in the Finland witnesses. Because it sounds like you folks have already agreed to -- to do the depositions of the defendant's witnesses in Germany and that you didn't get an in kind explicit agreement regarding the Finnish folks.

MR. D'AMORE: Your Honor, this is -- this Mr. D'Amore. We -- they actually noticed the German witness for Germany.

THE COURT: Uh-huh.

MR. D'AMORE: To the extent that -- that it needs to be discussed, we're happy to -- to -- to discuss that with plaintiffs if there's an alternative location that would be appropriate.

THE COURT: Well, I don't think it's any secret that the way the Court generally operates is what makes sense. And what makes sense involves

whether or not, the witnesses are plaintiffs who has brought this suit. I recognize that plaintiff brought this suit here in New Jersey. They should be expected to then have some, perhaps, additional inconvenience for their witnesses, if that's the phrase we want to use. But there is also the very practical aspect of the economics.

Where are all the documents located?

MR. D'AMORE: Right now, documents that have been produced, Your Honor, are pretty -- electronically and in our offices. This is Mr. D'Amore.

THE COURT: So, if you're doing these depositions of whichever witnesses, if you were -- when you travel to Germany, for example, you're going to have to bring all of them with you, print them out, download them, whatever, over there?

MR. D'AMORE: Correct. And for Finland, I also need to bring a -- I need to bring a court reporter. I need to bring a videographer. I need to put them all up.

THE COURT: Uh-huh.

MR. D'AMORE: Because Finland does not have those -- those -- those facilities. And the costs are tremendously expensive compared to the United States.

Argument - D'Amore

THE COURT: And I have actually heard that before.

Now, tell me the issue with Dr. Aanta. It sounds like you are not in agreement as to whether or not the contract that he executed permits him or that he's signing on essentially to be required to travel in the event that his testimony is necessary, that he's now no longer a client.

I'm sorry. He's now no longer an employee of the plaintiff. And therefore, we have this concern about whether or not he can be compelled. And I know that there's a little discussion in the papers that you've submitted. So, just talk to me a little bit about that.

MR. D'AMORE: Certainly, Your Honor. Our understanding is that he was -- this is Mr. D'Amore. He was an employee of the plaintiffs at one point in time. I think he -- I -- my understanding and this may be subject to -- to correction, is that he continues to be an advisor or a consultant with them.

But the -- the important aspect in terms of the contract is that his assignment for the invention is very clearly, and has been held by other -- other -

- other courts to require him to testify in any legal

proceeding and do everything possible to aid -- , to obtain and enforce proper patent protection for this invention in the United States.

So, the -- the -- this is discussed in the <a href="Erickron">Erickron</a> (phonetic) case. The language is very similar in terms of the notice that it provides to Dr. Aanta. That he needs to testify in legal proceedings and that it's being -- and that it's directed to obtaining patent protection in the -- enforcing patent protection in the United States.

And that's the kind of agreement the Courts have enforced to compel a witness like Dr. Aanta to come to the United States.

THE COURT: All right. And I do see that the plaintiffs have cited contrary support or support for their position in the submission, as well.

I want to, frankly, want to take a look at those cases and then decide what impact Dr. Aanta has. But just again so I'm clear, we have Dr. Aanta, at least at this point, being in disagreement as to whether it's appropriate because he's no longer an employee.

We have Dr. Virtamen also, is -- he's an employee, and the question is whether he's in Finland or here.

And then Dr. Hopolina who is the 30(b)(6), 1 2 who presumptively would be here, and the question then 3 becomes whether or not if -- if you're going to 4 Finland, you just go there for him, as well. 5 Is there anyone else that I'm missing? I'm 6 just flipping through. 7 MR. MELORO: Your Honor, this is Tom Meloro. 8 The -- the only other witness was one mentioned --THE COURT: Oh. Yeah. Karjalainen or 9 10 however you say that? MR. MELORO: It -- I -- something to that 11 effect. I think it's Karjalainen? And I think -- he 12 is a former employee. He does not have this sort of 13 14 agreement that's at issue with the analysis regarding 15 Dr. Aanta. 16 Plaintiffs have -- plaintiffs have told 17 defendants that we may call him as a trial witness. 18 THE COURT: And he's the one who you just 19 mentioned, Mr. D'Amore, that if he comes here, if 20 they're calling him at trial, and he comes here, you'll take care of him when he arrives. 21 22 MR. D'AMORE: That's correct, Your Honor. 23 THE COURT: Okay. 24 MR. D'AMORE: If, you know -- that's 25 correct.

MR. MELORO: Your Honor, since -- since we obviously aren't going to know until we get closer to trial whether we will call him as a trial witness, we are offering him for deposition now.

And it would be unfair, I think, for us to have to go through all the fact and expert discovery and -- and -- and then to have a deposition take place shortly before trial, while we're in the midst of all our final trial preparations, etcetera. So, that -- that was the reason why we offered him for a deposition now.

THE COURT: All right. Well, here would be my suggestion. If I rule in favor of Hospira and the defendants are traveling for any purpose over to Finland, then you could add him to the mix. Then just for the court reporters sake, the name is K-A-R-J-A-L-A-I-N-E-N.

If I am requiring that the depositions of all the Finnish individuals, doctors, take place here, then I would leave it to Hospira whether in advance of trial, you would want to have or ask him to shlep here, as well.

And perhaps if that happens, you folks can agree to a video deposition. You know, that could be used at trial. So, depene essia (phonetic) in

essence. That's certainly something that you can consider.

All right. So, let me take a look at the case law regarding Dr. Aanta. And I'll get you folks a decision as soon as possible.

Did you have dates that you were targeting?

I don't recall.

MR. D'AMORE: Your Honor, that's I think

part of the issue. They've proposed four or five days

of deposition across two weeks. That's part of the

expense. It begins on -- on -- my understanding is

they proposed a date beginning Friday, December 10th,

beginning again Monday December 13th, and then

continuing -- continuing thereafter. That's time that

I've got to pay to -- to put up the court reporter and

videographer in Finland under their schedule.

THE COURT: Uh-huh.

MR. D'AMORE: I don't know how -- whether their dates are fixed. Certainly we're available after that and in January. And if the witnesses are coming here, then they don't need to be -- to be done altogether.

THE COURT: Okay.

MR. D'AMORE: If I might just add one point, Your Honor.

Argument - D'Amore / The Court 23

1 THE COURT: Yes.

MR. D'AMORE: Depending on your -- your -- actually two points. One is there's no reason that if -- that if we're waiting, that we can't get their 30V6 witness on the schedule here in the United States. I -- I understand the efficiencies to doing it altogether. But, at the same time, the fewer days, I've got to -- I have to spend in Finland, the -- the -- the -- the less expense of it is on -- on my client.

And the second is to the extent, Your Honor is -- is factoring in the expense, a -- a cost shifting, we would req-- we would request that if any witnesses need to be deposed in Finland, that some cost shifting apply.

THE COURT: I know that after your meet and confer, you couldn't come up with an agreement. I don't know if you're revisiting the Germany depositions at all in light of this discussion.

But I certainly invite you that if you can come up with a compromise, perhaps the 30(b)(60 comes here, and you agree that you'll -- you will do Dr. K., as I'll call him, perhaps in Finland, and maybe you can get the defendants to agree to go over for a shorter more finite period. And if you work any of

that out, certainly, let me know.

My plan is to pull the case law and I will get you a decision as soon as possible. But let me be practical for a minute. I don't want to add to the expense of what you may have to incur assuming I send you folks to Finland. And, you know, again, I'm speaking very practical, very plainly.

Even if I get you a decision within the next week, I don't know what that does to reservations and the like. So, if you want to set aside some time perhaps in January where you have dates on hold that in the event I am ordering that anything occur in Finland, that you, at least, can keep some costs down by having the opportunity to book your tickets 30 days in advance or the like. I'm fine with that.

I know we have a 30 -- the 30 month stay expires in -- when is it? January, 2012, and that you're anxious to move things along. But I just offer that as a potential compromise. Because even if I turn around and get you a decision this week, you've still got just a couple of weeks to book all of this. So, I throw that out there.

If you work anything out, bless you. And just let me know asap, otherwise, I'll add this to my patent pile.

MR. MELORO: Your Honor, this is Tom Meloro. We very much appreciate that. And I -- I would expect that if there's going to any further discussion, I mean, thus far, the Germany depositions have been cast in stone. But if there's going to be any further discussion, I would anticipate that that would take place in the next day or two. So perhaps, we would just report back in a couple of days, obviously, if we have an agreement, but maybe if we've talked and we don't. We'll know the --

THE COURT: That would be great. Even if you just send a quick little email, it doesn't have to be anything fancy. Deal, no deal. And I'll get the message.

MR. MELORO: Thank you. And then as far as dates are concerned, we -- we had reserved a time that I think Mr. D'Amore outlined in Finland. We'd be prepared to go ahead. And I think if we got a ruling in a week from the Court, that would be sufficient time at least from our perspective. To the extent that those dates didn't happen, I don't know the availability of the witnesses at this point. Dr. Hopolina is a fairly high ranking official at Orion. Dr. Aanta, who's one of the witnesses, who was a former employee, he hasn't worked at the company for

quite some time. He has a very high ranking position at a research institution.

So, I don't just know. I'd hope that whatever happens, we can -- we can stick to dates that the witnesses have blocked out.

THE COURT: All right. As I said, I just threw that out there as an option for you folks to contemplate. And I'll wait -- well, I won't wait.

I'll do the research anyway. And if I don't have to put pen to paper regarding this issue, that's fine.

I'll just wait for your letter. But assuming you can't resolve or narrow it, then I will get a decision to -- for you as -- as soon as possible, mindful that this might happen in December, so you need to know.

And -- and, Your Honor, Mr. Meloro and I will and Mr. Chang and I will -- will speak, and if there's something that we can -- can work out, we'll advise, Your Honor.

THE COURT: Great. Okay. And I'll also hear from you, from Sandoz, about the contentions and what your client wants you to do.

MR. D'AMORE: Great.

THE COURT: Great. Thanks, guys. If I don't talk to you, enjoy Thanksgiving.

MR. D'AMORE: All right. Thanks.

### CERTIFICATION

I, Lisa M. Urban, the assigned transcriber, do hereby certify the foregoing transcript of proceedings in the U.S. District Court on November 16, 2010 on CD number 11/16/09, Index Nos. 11:33 am to 12:05 pm is prepared in full compliance with the current Transcript Format for Judicial Proceedings and is a true and accurate non-compressed transcript of the proceedings to the best of my knowledge and ability.

S/ Lisa Urban

LISA M. URBAN, AOC NO. 585 AudioEdge Transcription, LLC

Date: November 18, 2010